

**State of Rhode Island - Division of Taxation
Computation of Small Business Tax Credit**

For calendar year 2003 or
years beginning _____, 2002 and ending _____, 2003

REFER TO INSTRUCTIONS ON BACK OF FORM

Small Business Name: _____

Mailing Address: _____
Street City/town Zip

Federal Employer Identification Number: _____

Social Security Number [if sole proprietorship] _____

The small business is formed under Rhode Island law as:

- | | |
|--|--|
| <input type="checkbox"/> a corporation | <input type="checkbox"/> a partnership |
| <input type="checkbox"/> a joint venture | <input type="checkbox"/> a sole proprietorship |
| <input type="checkbox"/> a limited liability company | <input type="checkbox"/> other _____ |

LOAN INFORMATION

Date of SBA loan: _____

Amount of SBA loan: _____

SBA loan number *: _____

* In order to claim credit for the SBA guaranty fee, the taxpayer/small business must be the primary obligor in the financing; and be the entity that actually paid the fee.

Calculation:

- | | | |
|----|--|----------|
| 1. | The guaranty fee paid to the US Small Business Administration solely for obtaining SBA guaranteed financing | \$ _____ |
| 2. | RI tax due under : 44-11 _____
(enter one only) 44-17 _____
44-30 _____ | |
| 3. | Amount of guaranty fee used as credit*
(enter here and on appropriate line of the small business' tax return) | _____ |
| 4. | Amount of credit carried forward** | _____ |

* The credit cannot reduce the tax below the minimum.

** For tax years **beginning after December 31, 1997**, amounts of unused credit may be **carried forward for four [4] years.**

ATTACH SBA GUARANTY FEE DOCUMENTS TO THIS FORM

Credit for Small Business Loan Guaranty Fee

In General:

Every small business formed under the laws of the State of Rhode Island and operating within this state is entitled to claim the amount paid as a guaranty fee to the United States Small Business Administration (SBA) as a credit against the tax as levied under R.I. General Laws, Title 44, Chapters 11 [Business Corporation Tax]; 17 [Gross Premiums Tax on Insurance Companies]; or 30 [Personal Income Tax].

I. Definition. A “small business” means any corporation, partnership, sole proprietorship or other business entity qualifying as “small” under the standards contained in Title 13, Code of Federal Regulations, Section 121. The fact that a taxpayer was the primary obligor, obtained SBA guaranteed financing and paid the guaranty fee on which this credit is based is evidence that the taxpayer is considered a “small business”.

II. Qualification: To qualify, the small business must:

- (a) be formed under Rhode Island law; and
- (b) be operating in this state; and
- (c) be the primary obligor in the financing; and
- (d) be the entity that actually paid the fee.

III. Guaranty fee. If the guaranty fee is deducted from the loan proceeds paid to an otherwise qualifying small business, it is considered “paid” by that small business. The guaranty fee is that amount paid to the US Small Business Administration solely as the fee for obtaining SBA guaranteed financing and does not include other costs or fees attendant to such financing.

IV. Calculation and Limitations:

- a. The credit is equal to the fee paid and is first claimed in the tax year in which the guaranty fee was actually paid.
- b. If the small business is a corporation filing a consolidated return (Title 44, Chapter 11), the credit is allowed against the tax of only that corporation which qualifies for the credit and will be allowed against the tax of other corporations that may join the filing of a consolidated state tax return. In the event that the small business is a partnership or 1120S corporation, the credit shall be divided according to ownership share.
- c. Generally, the credit cannot reduce the tax below the minimum and any unused credit may not be carried over to subsequent tax years; however, for tax years **beginning after December 31, 1997,** amounts of unused credit may be **carried forward for four [4] years.**

V. Documentation: *Copies of documents such as [but not limited to] loan documents or canceled checks evidencing that the small business is the primary obligor and that it paid the guaranty must be attached to this form.*